

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2009-226-E - ORDER NO. 2012-17

JANUARY 17, 2012

IN RE: Application of Duke Energy Carolinas, LLC	)	ORDER GRANTING
for Authority to Adjust and Increase Its	)	MOTION TO AMEND
Electric Rates and Charges	)	SETTLEMENT
	)	AGREEMENT

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Motion to Amend Settlement Agreement filed by Duke Energy Carolinas, LLC (“Duke” or “the Company”) requesting approval to amend certain terms of the Settlement Agreement approved in Order No. 2010-79, dated January 27, 2010. Specifically, the Company seeks to amend the limitation of a one-time election to give, on an annual basis, qualifying customers who are not participating in Duke’s demand-side management (“DSM”) programs the opportunity to opt-in. The Company also seeks to align the dates of the annual election period for the energy efficiency (“EE”) and DSM components of the rider, and shorten the participation period from four (4) years to three (3) years.

On November 24, 2009, the Office of Regulatory Staff, on behalf of all parties except the Green Party (“Settling Parties”), filed an Explanatory Brief and Joint Motion for Approval of Partial Settlement and Adoption of Settlement Agreement (“Settlement Agreement”). On January 27, 2010, Duke received Commission approval for a rider (“Rider EE”) designed to collect sufficient revenues to cover the Company’s energy

efficiency and demand side management program costs, lost revenues, and an incentive. In approving the Company's request for Rider EE, the Commission also adopted certain opt-out provisions for industrial customers contained within the Settlement Agreement. These terms provided that industrial customers may opt out of the EE component of Rider EE on an annual basis from January 1 to March 1 and may opt out of the demand-side management ("DSM") component of Rider EE upon a one-time election, for the four (4) year energy efficiency plan, made within sixty (60) days of January 27, 2010. Industrial customers who chose to opt-out from the DSM programs do not have to pay the DSM portion of Rider EE and are not allowed to participate in Duke's non-residential DSM programs for the term of the Save-a-Watt program.

Since the EE Order, Duke has added a new non-residential DSM program, PowerShare CallOption. This program was implemented in response to customer requests for additional flexibility in the load curtailment opportunities offered by the Company. Based on the flexibility of this new program, the Company believes the DSM program will be more attractive to industrial customers, which could lead to additional DSM capabilities and benefit all customers. However, to achieve these results, the Company needs to amend the opt-out provisions of the original settlement agreement to allow the Company to offer the program to industrial customers who originally chose to opt out.

Duke proposes to amend Section III, paragraph 6 of the Settlement Agreement to read as follows (Section III, paragraphs 6 a) and b) of the Settlement Agreement will not change): "The Parties agree that all qualified industrial customers may elect to opt out of

the energy efficiency and/or the demand-side management components of Rider EE on an annual basis for the four year energy efficiency plan. The election periods for the DSM and EE components would occur during the annual EE election period, commencing on November 1 and ending on December 31 of each year. Once a customer opts in to the Rider EE DSM component, the customer will pay the DSM portion of the Rider. If the customer participates in a DSM program, the customer is required to pay the Rider EE DSM cost for three years. However, if a customer elected to opt in to the Rider EE DSM component and paid the Rider EE DSM amount, but did not enter into an agreement with the Company for a DSM program, the customer could opt out during a future annual election period and cease paying the DSM portion of Rider EE at that time. Participation in a DSM program is limited to three years for customers who already have selected to opt-in and have entered into an agreement for a DSM program. Customers who desire to continue participating in a DSM program beyond year three would remain opted-in to the Rider EE DSM component for at least another year, depending upon a relevant contract between the customer and the Company. The rider charge applicable to EE programs and/or DSM programs will not be applied to customers who have chosen to opt out of the programs. To qualify to opt out, the customer must:" See also Amendment No. 1 attached hereto as Hearing Exhibit No.1.

Subject to Commission approval of the proposed modification, all parties to the case are in agreement that the amendment as proposed above and as shown in Amendment No. 1 is appropriate.

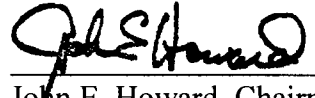
Because the filing date of the Company's motion coincides with the proposed election period for the DSM component, the Company proposes to allow a one-time DSM election period for industrial customers from January 1, 2012 to March 1, 2012. After that election period, the election periods for both EE and DSM components would occur each year from November 1 to December 31.

Duke requests that this Commission issue an Order granting the above-described modification to the Company's Settlement Agreement to allow industrial customers to make an annual election regarding their participation in the DSM component of Rider EE, and to allow a one-time DSM election period for industrial customers from January 1, 2012 to March 1, 2012.

We have examined this matter and have concluded that the changes requested by the Company are appropriate, that the Company's Motion to Amend the Settlement Agreement should be granted, and that this Order should and does adopt the proposed changes in the original Settlement Agreement as filed. The changes give the Company's industrial customers more flexibility in participating in new programs, even if they had already opted out before. Further, participation dates for EE and DMS components of Rider EE are aligned by changing the opt-in dates accordingly. The Motion is granted as filed.

This Order shall remain in full force and effect until further order of the Commission.

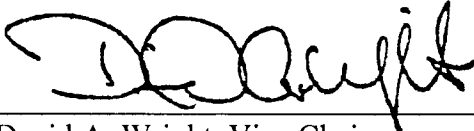
BY ORDER OF THE COMMISSION:



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John E. Howard, Chairman

ATTEST:



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David A. Wright, Vice Chairman

(SEAL)

**AMENDMENT No. 1**

SOUTH CAROLINA ENERGY USERS COMMITTEE, ENVIRONMENTAL DEFENSE FUND, NATURAL RESOURCES DEFENSE COUNCIL, SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, SOUTHERN ALLIANCE FOR CLEAN ENERGY, SOUTHERN ENVIRONMENTAL LAW CENTER, THE OFFICE OF REGULATORY STAFF, and DUKE ENERGY CAROLINAS, LLC do hereby mutually agree and consent to the amendment of the Settlement Agreement between the parties in Docket No. 2009-226-E, dated January 27, 2010, which Settlement Agreement is hereby modified in the following respect only:

Section III, paragraph 6 should now read, "The Parties agree that all qualified industrial customers may elect to opt out of the energy efficiency and/or the demand-side management components of Rider EE on an annual basis for the four year energy efficiency plan. The election periods for the DSM and EE components would occur during the annual EE election period, commencing on November 1 and ending on December 31 of each year. Once a customer opts in to the Rider EE DSM component, the customer will pay the DSM portion of the Rider. If the customer participates in a DSM program, the customer is required to pay the Rider EE DSM cost for three years. However, if a customer elected to opt in to the Rider EE DSM component and paid the Rider EE DSM amount, but did not enter into an agreement with the Company for a DSM program, the customer could opt out during a future annual election period and cease paying the DSM portion of Rider EE at that time. Participation in a DSM program is limited to three years for customers who already have selected to opt-in and have entered into an agreement for a DSM program. Customers who desire to continue participating in a DSM program beyond year three would remain opted-in to the Rider EE DSM component for at least another year, depending upon any relevant contract between the customer and the Company. The rider charge applicable to EE programs and/or DSM programs will not be applied to customers who have chosen to opt out of the programs. To qualify to opt out, the customer must:"

Except as expressly modified herein, the said Settlement Agreement shall remain in full force and effect and is hereby ratified and affirmed.

**ATTEST:**

**Duke Energy Carolinas, LLC:**

By:   
Timika Shafeek-Horton, Esquire

**ATTEST:**

**OFFICE OF REGULATORY STAFF**

By: \_\_\_\_\_  
Shannon Bowyer Hudson, Esquire

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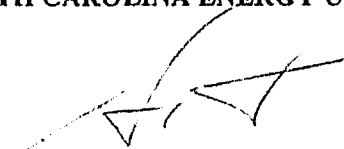
ATTEST:

**OFFICE OF REGULATORY STAFF**

By: Shannon Bowyer Hudson  
Shannon Bowyer Hudson, Esquire

**ATTEST:**

**SOUTH CAROLINA ENERGY USERS COMMITTEE**

By:   
\_\_\_\_\_  
Scott Elliott, Esquire

**ATTEST:**

**ENVIRONMENTAL DEFENSE FUND, NATURAL  
RESOURCES DEFENSE COUNCIL, SOUTH CAROLINA  
COASTAL CONSERVATION LEAGUE, SOUTHERN  
ALLIANCE FOR CLEAN ENERGY AND SOUTHERN  
ENVIRONMENTAL LAW CENTER**

By: \_\_\_\_\_  
J. Blanding Holman, Esquire  
Gudrun Thompson, Esquire

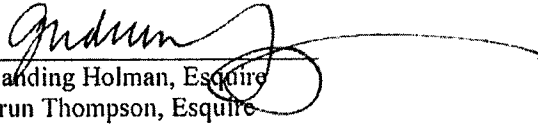
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**SOUTH CAROLINA ENERGY USERS COMMITTEE**

By: \_\_\_\_\_  
Scott Elliott, Esquire

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